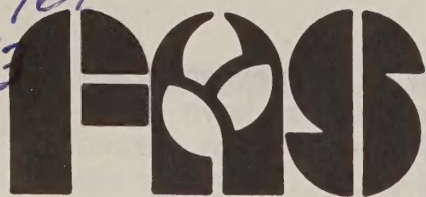


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United States
Department of
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Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 19-82

WASHINGTON, May 12--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

WORLD GRAIN production in 1982/83 is forecast at 1.651 billion metric tons, 1 percent above the 1981/82 crop of 1.633 billion metric tons.

WORLD WHEAT production for 1982/83 is forecast at a record 462 million tons, up 2 percent from 1981/82 levels. Larger crops are expected this year in the Soviet Union, India, the European Community (EC) and Eastern Europe. Harvests in the U.S. and Canada are expected to be down from last year's level and dry conditions have reduced prospects in China. Expanded areas may lead to larger crops in Argentina and Australia.

WORLD COARSE GRAIN production is forecast at a record 779 million metric tons, 1 percent above the 1981/82 level. Larger crops are expected in China, Thailand, the USSR, the EC and Eastern Europe. The U.S. and Canadian crops are expected to be down from last year's record levels.

WORLD RICE PRODUCTION for 1982/83 is projected at 410 million tons (rough basis), unchanged from the current estimate for the 1981/82 crop year. World rice production in 1981/82 is estimated 4 percent higher than the 1980/81 crop. Rice production in Brazil for 1981/82 is now estimated at 9.0 million tons, up 100,000 tons from last month's estimate due to better than expected yields in Rio Grande do Sul. Due to downward adjustments in estimated yields, rice production in China is predicted to be 800,000 tons lower for a total of 143.2 million tons.

The CANADAIAN Wheat Board has announced a new three-year supply agreement with China. Canada will sell between 3.5-4.2 million tons of wheat to China annually. This new agreement calls for larger sales than the Canadians and Chinese have had since 1961. The new agreement replaces a three-year agreement which expires on July 31, 1982. That agreement provided for sales of 2.8-3.5 million tons of wheat annually and contracts under it were completed in 1981 and totaled 2.9 million tons for the Canadian marketing year of August 1981/July 1982.

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The new agreement also contains a credit option of 25 percent cash down with the remainder payable in 12 months. However, the Chinese have been cash buyers in the past and still are reluctant to buy on credit given current interest rates.

The increase in quantities provided by the new Canadian-Chinese agreement partially offsets the lowering of minimum levels in a renewed Australian-Chinese agreement. Larger quantities may also indicate an increase in China's import needs following two mediocre crops. The U.S. position in the Chinese market remains unchanged.

THAILAND and IRAN have apparently concluded an oil-rice barter agreement. This move likely precludes further U.S. rice sales to Iran this crop year and could foreshadow a permanent shift by the Iranians to Thai rice.

The agricultural attache in Bangkok has confirmed that Thailand has sold Iran 110,000 tons of high quality rice for May-September shipment. The sale by private rice exporters includes 30,000 tons at \$310.80 per ton F.O.B. and 80,000 tons at \$345 per ton. The latter includes credit for one year at 11 percent interest. This sale is believed to be linked with the barter of an unspecified quantity of Iranian oil which reportedly will be sold to a third country by a Swiss-based firm.

The SOUTH AFRICAN net producer price for the 1982/83 corn crop has been raised 16 percent above last year's level. This brings the net producer payment up to \$134 per ton or \$7 above projected 1982/83 export prices. This increase is likely to further deepen export losses and require the government to continue direct export subsidies. Government export subsidies were necessary to offset losses in the 1980/81 season, estimated at about \$35 per ton. Losses increased in 1981/82 despite the effort to hold the line on producer prices. A record crop, falling export prices and stagnant domestic demand all increased export losses to about \$50 per ton.

The current increase in producer price is in line with annual increases during the 1972/73-1980/81 period. However, this level of increase comes as a surprise given the recent export losses and recent government policy attempts to hold down inflation, estimated at 15 percent last year. Export losses for 1982/83 could reach above \$60-65 per ton. Consumers will pay \$155 per ton or about \$35 above comparable forecast U.S. values and the South African farmers will receive about \$25 above the average U.S. price projected for the 1982/83 year.

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OILSEEDS AND PRODUCTS

WORLD OILSEED output in 1982/83 is expected to be up, but the gains may not match those of 1981/82. If global crops conditions are near normal, a world oilseed crop of 175 million tons could be achieved, up 2.4 million tons from 1981/82. Depending on growing conditions, the crop could range from 168-182 million tons.

With near-trend yields, the 1982/83 U.S. oilseed crop could total 66.1 million tons, up slightly from 1981/82, but below the 1979/80 record of 72.5 million tons. U.S. soybean production is forecast at 57.2 million tons, 3 percent above 1981/82.

World oilseed production in 1981/82 is now estimated at 172.6 million tons, up 1.4 million from last month and 9 percent higher than 1980/81. This month's larger estimated oilseed area and production for China more than offset a 0.7-million-ton reduction in the forecast of Brazilian soybean production, where another dry period in Rio Grande do Sul has lowered expectations.

DAIRY, LIVESTOCK AND POULTRY

CANADIAN beef and veal production in 1982, according to the U.S. agricultural counselor in Canada, is projected to increase by only 1.5 percent to 1.03 million tons. The gain, lower than previously expected, is due partially to an anticipated decline in imports of cattle for slaughter from the United States. Canadian cattle inventories on January 1, 1982, at 12.52 million head, were up only slightly from levels a year ago. This indicated the cautious mood Canadian cattlemen took towards expansion in 1981.

Pork production is forecast to decline less than 1 percent during 1982 to an estimated 860,000 tons. The decline is less than originally forecast because of reduced production and higher pork prices in the U.S. and improved export prospects to Japan.

The DANISH Official Veterinary Directorate announced on May 4, 1982 that Foot and Mouth disease (FMD) has spread to Zealand Island. This was the first case reported outside of the island of Funen, the site of the original outbreak on March 17, 1982. The two islands of Funen and Zealand produce about 19 percent and 12 percent, respectively, of Denmark's hogs and cattle. This is the 20th reported herd infection since the first outbreak in March. Denmark does not vaccinate against foot and mouth disease and has not done so to control the current outbreak.

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Official CHINESE livestock data indicate greater output and some improvement in efficiency during 1981. Pork production reached 11.9 million tons, an increase of 4.8 percent despite a 1.8 percent decline in numbers slaughtered. Cow milk production reached 1.3 million tons, 13 percent above 1980, while both wool and mutton production rose by 7 percent. Although milk cow numbers are not reported, the number of large animals, (cattle, buffalo, horses, etc.) rose 2.5 percent while the number of sheep and goats remained about the same. The number of hogs at the end of 1981 was just below 294 million, a decline of 3.8 percent during the year.

According to the agricultural counselor in Moscow, SOVIET poultry meat production in 1982, forecast at 2.35 million tons, will continue the trend of providing an increasing share of the total meat supply. In 1976, poultry meat production of 1.4 million tons was 10 percent of Soviet meat output. By 1981, poultry meat production had grown to nearly 15 percent of Soviet meat output. Forecasts for 1982 suggest poultry meat production will surpass the 15 percent share.

The JAPANESE Ministry of Agriculture, Forestry and Fisheries (MAFF) reported that hog inventories of 10.1 million head on February 1, 1982 were virtually unchanged from levels a year earlier. Breeding hog inventory levels were down about 1 percent from the Feb. 1, 1981 mark.

The lack of growth in overall hog inventories and the reduction in breeding stock suggests pork production for most of the second half of 1982 will be similar to levels a year earlier when record imports were needed to supplement domestic production.

COTTON

WORLD COTTON production in 1982/83 is forecast to range from 64 to 71 million bales. The current estimate is 67.5 million well below the 1981/82 revised record crop of 70.9 million bales. The forecast drop in world output is due to reduced acreage and lower yield prospects. Most of this reduction will occur in the United States, where a crop of 11 to 14 million bales is projected due in part to grower participation in the voluntary reduction acreage program.

Foreign output next season is expected to range from 52.5 to 57.5 million bales, with 55 million the current forecast. This would be slightly below this year's crop estimate. Production prospects for some key producers--the Soviet Union, China, India, and Brazil--point to slightly larger output than in 1981/82.

The 1981/82 world cotton crop is 300,000 bales above last month's estimate, primarily due to upward revisions in the estimates for both China and Sudan.

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TOBACCO

BELGIUM-LUXEMBOURG's consumption of unmanufactured tobacco in 1981 increased 4.5 percent to 40,412 tons. In 1981, Belgium's cigarette smokers continued to prefer American-type blends, particularly the "extra-light" type cigarettes with low tar and nicotine content. Cigarette production in 1981 totaled 26.9 billion pieces. Continuing a long-term upward trend, the share of filter-tip cigarettes rose from 81.7 percent in 1980 to 83 percent in 1981.

CANADA's exports of unmanufactured tobacco rose to 33,041 tons in 1981, marking a sharp recovery from the low level a year earlier of 19,491 metric tons when export supplies were severely reduced by blue-mold damage to the Ontario flue-cured crop. The United Kingdom was the leading importer with 16,372 tons, representing 50 percent of Canadian exports, followed by the United States with 5,773 tons (17.5 percent).

Canadian imports of unmanufactured tobacco fell to a more normal level of 2,754 tons in 1981 from 7,565 tons in 1980, when the small 1979 Ontario crop resulted in increased imports from the United States. Of the 1981 imports, the United States supplied 2,248 tons (82 percent) compared with 6,507 tons (86 percent) in 1980.

HORTICULTURAL AND TROPICAL PRODUCTS

AUSTRALIA's 1982 sultana crop is estimated at of 75,000 tons, or 45 percent above the 1981 level. Consequently, it has allocated 58,000 tons for the export market--nearly double the actual 1981 exports of 29,352 tons. The quality of this year's crop of sultana is very good. About 75 percent is being graded 4-crown and 5-crown, with most of the remainder falling in the 3-crown grade. The 1981 crop was predominant 2-crown and 3-crown grades.

Australian opening export prices for new-crop sultanas are sharply lower than during the past two years. For 3-crown fruit cif United Kingdom or West Germany, the opening price was \$A1,150 (US\$1,220) per metric ton--25 percent less than the 1981 price. The 4-crown and 5-crown fruit were set at \$A20 and \$A95 per ton higher, respectively. This first offer, for 5,000 tons for each of those two countries, was sold immediately. As a result, the Dried Fruits Corporation increased prices \$A50 per ton each grade when making the second allocation of 7,000 tons to the United Kingdom and 8,500 tons to West Germany. Reportedly, these allocations are also progressing well. (The current exchange rate is about 1.06 US dollar to one Australian dollar.)

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THAILAND has been the leading supplier of raw sugar in 1982 to date, with 171,228 tons. Argentina is second with 90,253 tons to the United States followed by Brazil and Swaziland. U.S. Census Bureau figures for the first quarter of 1982 show imports of raw sugar totaled 586,273 metric tons valued at \$200 million. This compares with 911,985 tons valued at \$585 million in the first quarter of 1981. Imports of refined sugar totaled only 236 tons.

U.S. exports of raw sugar were 8,027 tons during the quarter with a value of \$1.2 million. Exports of refined totaled 14,630 tons valued at \$6.3 million. This compares with the 180,888 tons of refined worth \$432 million shipped in the first quarter of 1981.

SOUTH KOREA's production of ginseng in 1981 is estimated at 5,699 metric tons (fresh basis) or 1,108 tons (dry weight basis), up 24 percent from 1980. The increase in output was due mainly to a 21 percent rise in the harvested area in response to government production incentives. The Republic of Korea's Office of Monopoly currently forecasts 1982 ginseng production at 6,387 metric tons (fresh) or 1,218 tons (dry weight) from 2,176 hectares.

South Korea is the world's largest producer and exporter of ginseng. The United States and Japan are the other ginseng producers and exporters. Export markets for ginseng and its products (e.g. ginseng tea and powder) are concentrated in East Asia.

RECENT FOREIGN AGRICULTURE CIRCULARS

Reference Tables On Wheat, Corn, and Total Coarse Grains
Supply-Distribution for Individual Countries, FG 13-82

TO ORDER, CONTACT: U.S. Department of Agriculture, FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 11, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%...	198.00	5.39	-8
U.S. No. 2 DNS/NS: 14%.....	183.00	4.98	-15
U.S. No. 2 DHW/HW: 13.5%....	200.00	5.44	-6
U.S. No. 2 S.R.W.....	170.00	4.63	-5
U.S. No. 3 H.A.D.....	180.00	4.90	-14
Canadian No. 1 A: Durum.....	<u>1/</u>	<u>1/</u>	<u>1/</u>
Feed grains:			
U.S. No. 3 Yellow Corn.....	132.50	3.37	-6
U.S. No. 2 Sorghum <u>2/</u>	133.00	3.38	-10
Feed Barley <u>3/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Soybeans:			
U.S. No. 2 Yellow.....	268.50	7.31	+2
Argentine 4/.....	266.00	7.24	0
U.S. 44% Soybean Meal (MT)..	235.00	--	<u>5/</u>
EC Import Levies			
Wheat <u>6/</u>	119.85	3.26	+37
Barley.....	89.50	1.95	+11
Corn.....	99.80	2.54	+17
Sorghum.....	95.80	2.43	+12

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Brazil Yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis June delivery.

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